Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

PAGE 01 MANILA 01479 01 OF 02 080815Z

11
ACTION SS-30

INFO OCT-01 ISO-00 /031 W
---------- 100128
R 080700Z FEB 74
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 909
INFO CINCPAC

S E C R E T SECTION 1 OF 2 MANILA 1479

EXDIS

E.O. 11652: GDS
TAGS: EGEN, PFOR, MASS, RP
SUBJECT: FORTHCOMING US-GOP NEGOTIATIONS

CINCPAC FOR ADMIRAL GAYLER AND ABRAMOWITZ

REFS: A. MANILA 266
B. STATE 10657
C. STATE 19256
D. STATE 17650

1. APPRECIATE WASHINGTON RESPONSES TO REF A, AND BELIEVE THEY CONSTITUTE SATISFACTORY BASIS FOR BEGINNING DIALOGUE ON U.S. NEGOTIATING POSITION IN U.S.-GOP NEGOTIATIONS ON BOTH MILITARY AND ECONOMIC MATTERS. THIS MESSAGE CONTAINS REPLIES AND COMMENTS TO POINTS RAISED IN REFS B,C, AND D.

2. DURING ASST. SECRETARY INGERSOLL'S VISIT, SEVERAL OF THESE ITEMS WERE IDSCUSSED WITH HIM BY MISSION, BUT PHILS DELIBERATELY CHOSE NOT RPT NOT TO TAKE INITIATIVE WITH INGERSOLL ON ANY OF THESE MATTERS. IN PART, THIS REFLECTS UNIFORMLY NEGATIVE REACTION TO STIFF DRAFT PROPOSALS WHICH WE TABLED, IN PART, SOME DISARRAY AMONG PHIL DEPARTMENTS OF GOVERNMENT, AND IN PART CONTINUING PHIL CONCERN OVER SLOW PACE OF U.S. CONGRESSIONAL ACTION ON TRADE AND SUGAR LEGISLATION. I HAVE, HOWEVER,
SECRET

PAGE 02 MANILA 01479 01 OF 02 080815Z

BEEN ASSURED BY THREE SEPARATE SECRETARIES THAT I WILL RECEIVE A PIECE OF PAPER "THIS WEEK" AS AN EARNEST OF PHIL WILLINGNESS TO COMMENCE NEGOTIATIONS, EVEN THOUGH ANY DRAFT THEY PROVIDE WILL PROBABLY BE EQUALLY AS HARD

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

NOSED AS OUR PROPOSALS.

3. ONCE I RECEIVE A CONCRETE PHIL REPLY TO OUR AER DRAFT, I WILL BE IN A POSITION TO COMMENT MORE DEFINITIVELY ON POINTS AT ISSUE. PENDING THAT EVENT, FOLLOWING COMMENTS MUST BE CONSIDERED PRELIMINARY AND SUBJECT TO READJUSTMENT.

4. ECONOMIC MATTERS (REF C):

A. IT IS POLITICALLY UNREALISTIC TO SPEAK OF "NATIONAL TREATMENT" FOR U.S. INVESTORS IN PHILIPPINES, SINCE TERMINATION OF "PARITY" IS, IN PHIL EYES, WHAT THIS EPISODE IS ALL ABOUT. HOWEVER, IT DOES APPEAR REALISTIC TO WORK OUT DEFINITIONS THAT WILL LIMIT THE INROADS ON NATIONAL TREATMENT. THEREFORE, TO OBTAIN A "MUTUALLY AGREED STATEMENT OF U.S. AND PHILIPPINE LAW AND POLICY, AND NOT TO CONFLICT WITH THEM IN ANY WAY" SEEMS A REASONABLE NEGOTIATING OBJECTIVE.

B. AS SECRETARY INGERSOLL TOLD AMERICAN BUSINESSMEN DURING HIS VISIT HERE, LAND OWNERSHIP ISSUE IS A REFLECTION OF NATIONALIST ATTITUDES AMONG LDC'S AND AMERICAN BUSINESS MUST BE FLEXIBLE IN ITS APPROACH TO THIS ISSUE. IN THE PHILIPPINES, THIS IS AN ISSUE WHICH AFFLICTS ONLY ESTABLISHED FIRMS AND BUSINESSMEN, AND HAS STRONG PSYCHOLOGICAL OVERTONES, ESPECIALLY BECAUSE OF UNCERTAINTY ABOUT ACTION PHILS PLAN TO TAKE AFTER JULY 3. ALTHOUGH DIVESTMENT OF LAND PRESENTS LEGAL AND FINANCIAL PROBLEMS WHICH BUSINESSMEN ARE STRIVING TO AVOID, IN THE END THEY CAN FIND A WAY TO OVERCOME THEM. JUDGING FROM PRESENT RATE OF NEW INVESTMENT, IT DOES NOT RPT NOT APPEAR TO BE A MATTER OF CONCERN FOR THE FUTURE.

C. WE ARE AWAITING WASHINGTON REPLY TO MESSAGE IN WHICH WE SENT CHAMBER OF COMMERCE FORMULA FOR RETAIN TRADE, AND WOULD APPRECIATE CLARIFICATION IN THAT REPLY OF STATEMENT (REF C) THAT SUCH DEFINITION WOULD NOT "SEEM ADEQUATE TO COMPLETE INVESTMENT PART OF PACKAGE."

D. WASHINGTON OBVIOUSLY HAS A THEOLOGICAL, AS WELL AS A PRACTICAL PROBLEM WITH OUR PROPOSALS FOR PREFERENTIAL

SECRET

TREATMENT ON PHIL EXPORTS TO U.S. IT WOULD APPEAR THAT DECISION ON "SPECIAL PREFERENCES" WILL HAVE TO BE MADE IN LIGHT OF BROAD NATIONAL POLICY INTERESTS, INCLUDING JUDGMENT WHETHER "SPECIAL PREFERENCE" MAJOR U.SM MILITARY INSTALLATIONS RECEIVE IN THIS COUNTRY IS WORTH SPECIAL TREATMENT OF PHIL COMMERCIAL INTERESTS BY U.S. I WOULD ASSUME THAT A MIXTURE OF BILATERAL CONCESSIONS AND MULTI-LATERAL ARRANGEMENTS IN MTN FORUM WOULD SATISFY PHILS, IF TERMS ARE RIGHT.

E. DOUBLE TAXATION TREATY WILL BE SUBJECT OF SEPARATE MESSAGE.

5. MILITARY MATTERS (REF D):

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

A. MY SUGGESTION FOR TEN YEAR PERIOD OF BASE TENURE, TO BE FOLLOWED BY ARRANGEMENTS FOR RENUMCIATION BY EITHER PARTY, REFLECTS NERVOUSNESS WHICH I DETECT IN PRESIDENT MARCOS ABOUT LINKING BASE RIGHTS TO MUTUAL DEFENSE TREATY. HIS CONCERN SEEMS TO BE BASED ON FEAR THAT CAPRICIOUS U.S. CONGRESSIONAL ACTION MIGHT ELIMINATE FUNDS FOR U.S. BASES AND THEREBY TERMINATE U.S. DEFENSE OBLIGATIONSM IF, HOWEVER, HE IS PREPARED TO ACCEPT THE COTERMINAL ARRANGEMENTS PREVIOUSLY DISCUSSED, I SHOULD THINK THEY WOULD BE JUST AS ACCEPTABLE FROM U.S. POINT OF VIEW AS TEN YEAR PERIOD. I SHOULD POINT OUT THAT FOUR YEAR WITHDRAWAL IS QUITE UNREALISTIC IF WE HYPOTHESIZE CIRCUMSTANCES UNDER WHICH PHILS ASK US TO LEAVE. WE MIGHT BE ABLE TO GET TWO YEARS, AS FORESEEN IN OUR BASIC INSTRUCTIONS ON THIS POINT (STATE 021166, FEBRUARY 7, 1972).

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PAGE 01 MANILA 01479 02 OF 02 080826Z

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ACTION SS-30

INFO OCT-01 ISO-00 /031 W
---------- 100217
R 080700Z FEB 74
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 910
INFO CINCPAC

S E C R E T SECTION 2 OF 2 MANILA 1479

EXDIS

CINCPAC FOR ADMIRAL GAYLER AND ABRAMOWITZ

B. THE 40,000 ACRES AT CLARK WHICH WE WOULD HAND OVER TO PHILS HAVE ALREADY BEEN IDENTIFIED BY MBA PANEL AND AIR FORCE HAS INDICATED WILLINGNESS TO RELINQUISH. I HAVE ASKED U.S. REPS ON MBA PANEL TO HOLD UP ANY ACTION BECAUSE OF COSMETIC VALUE THIS MAJOR RELINQUISHMENT WOULD HAVE IN ANNOUNCEMENT OF BASE RENEGOTIATIONS. IT WOULD NOT RPT NOT BE RELINQUISHED "IN INCREMENTS," BUT RATHER AS A SINGLE PACKAGE.

C. THERE SEEMS SOME WASHINGTON CONFUSION ON AIR DEFENSE. OPERATING TEAMS HAVE NEVER BEEN WITHDRAWN FROM PAF RADAR SITES AND I WOULD STRONGLY OPPOSE SUCH WITHDRAWAL. IN THE CURRENT ABSENCE OF ADEQUATE U.S. INTERCEPTOR AIRCRAFT TO MAKE OUR AIR DEFENSE OBLIGATION CREDIBLE, THESE TWO-MAN TEAMS ARE THE ONLY FIG LEAFS WHICH KEEP US HONEST. WHEN F-4 TYPE AIRCRAFT ARE REDEPLOYED TO CLARK FROM THAILAND, THE PHILS WILL EXPECT US TO MAKE OUR AIR DEFENSE POSTURE MORE MANIFEST. WHETHER

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

THIS WILL REQUIRE STRIP ALERT I CAN NOT RPT NOT SAY AT
THIS TIME. HOWEVER, I WOULD POINT OUT THAT A COUPLE OF
PLANES AND PILOTS ON ALERT STATUS SEEMS A SMALL PRICE TO
PAY FOR THE AIR FORCE INSTALLATIONS WE HAVE IN THIS
COUNTRY. IN THIS CONNECTION, THERE ARE TWO CONSIDERATIONS
WHICH MUST BE BORNE IN MIND. THE FIRST IS THE INCREASING
PRC AGGRESSIVENESS DEMONSTRATED BY SEIZURE OF THE PARACELS.
THE SECOND IS THE PROSPECT THAT PHILS MAY OPT FOR CLOSE
SECRET

SUPPORT AIRCRAFT RATHER THAN INTERCEPTORS TO REPLACE
THEIR F-86 SQUADRON (SEE BELOW). IF THEY DO THIS, IT WILL
BE ON ASSUMPTION THAT U.S. REALISTICALLY ASSUMES AIR
DEFENSE ROLE FOR THIS COUNTRY.

D. QUESTION OF F-5 TYPE AS REPLACEMENT AIRCRAFT FOR
F-86 IS CURRENTLY UNDER REVIEW. DURING DOOLIN VISIT,
MELCHOR SAID PRESIDENT HAD DECIDED TO ASK FOR CLOSE
SUPPORT TYPES, RATHER THAN F-5. HOWEVER, THIS WORD STILL
PERCOLATING IN AIR STAFF AND NO RPT NO FINAL DECISION
FORMALLY CONVEYED TO JUSMAG AS YET. SUBJECT WILL BE
COVERED IN SEPARATE MESSAGE.

E. I TRUST FAVORABLE DECISION ON FULL FINANCING OF
M-16 RIFLE PROJECT WILL BE MADE PRIOR MARCH 17, SO THAT
EXISTING COLT CONTRACT CAN BE EXECUTED.

F. BASE RIGHTS ISSUES HAVE BEEN DISCUSSED WITH
BARRINGER DURING HIS BRIEF VISIT HERE. WE WILL NOT RPT
NOT HAVE MORE POSITIVE INDICATIONS OF PHIL VIEWS ON THIS
AND OTHER DEFENSE ISSUES UNTIL CONCRETE DISCUSSIONS BEGIN.

6. FINALLY, I FEEL IT IS TIME WE FACE UP TO PROSPECT THAT
U.S. CONGRESS WILL NOT RPT NOT ACT ON TRADE BILL IN TIME
TO INTEREST PHILS IN DEFINITIVE AGREEMENT PRIOR TO EXPIRATION
OF LAUREL-LANGLEY. I AM TAKING LINE WITH PHILS THAT WE
SHOULD GO AHEAD AND NEGOTIATE ON A CONTINGENT BASIS ANYWAY,
BUT I DOUBT THEY WILL SIGN ANYTHING UNTIL THEY SEE THE
COLOR OF OUR TRADE BILL. I NOTE BILL EBERLE'S CHEERY
INTERVIEW IN WHICH HE PREDICTS BILL WILL BE PASSED "NEXT
SUMMER." IF THIS COMES TO PASS, WE ARE LIKELY TO FACE A
HIATUS BEGINNING JULY 4, 1974.

7. IN VIEW OF THIS PROSPECT, AND IN LIGHT OF JOHNSON-MARCOS
COMMUNIQUE, I WOULD WELCOME WASHINGTON VIEWS ON LEGAL
FORMULA WHICH WILL PROVIDE INTERIM STANDSTILL ARRANGEMENT
WITHOUT "EXTENDING" LAUREL-LANGLEY PROVISIONS.
SULLIVAN

SECRET

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Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 27 JUL 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, NEGOTIATIONS, POLITICAL SITUATION, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 08 FEB 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA01479
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: 11652 GDS
Errors: n/a
Film Number: P740146-0283
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740268/abbrzbaz.tel
Line Count: 212
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION SS
Original Classification: SECRET
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: EXDIS
Reference: A. MANILA 266 B. STATE 10657 C. STATE 19256 D. STATE 17650
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 07 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07-Aug-2002 by martinml>; APPROVED <26 NOV 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FORTHCOMING US-GOP NEGOTIATIONS
TAGS: EGEN, PEPR, MASS, RP, US
To: STATE INFO CINCPAC
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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